

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 MC-02 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 COME-00 OMB-01 TRSE-00 SAJ-01

CIEP-02 CEA-02 OPIC-12 CAB-09 DOTE-00 DRC-01 /145 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7964

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TAGS: ETRN, UR, UK

SUBJ: POSSIBLE AEROSPACE DEAL BETWEEN USSR AND

LOCKHEED/ROLLS-ROYCE

REF: LONDON 1074

1. UPON RETURN OF LOCKHEED/ROLLS-ROYCE TEAMFROM
SOVIET UNION (REFTEL), FINANCIAL TIMES REPORTED TASS
ANNOUNCEMENT TO EFFECT THAT LOCKHEED CHAIRMAN
HAUGHTON HAD SIGNED FIVE-YEAR COOPERATIVE AGREEMENT
WITH SOVIETS(D.N. GVISHIANI, DEPUTY CHAIRMAN STATE
COMMITTEE FOR SCIENCE AND TECHNOLOGY WHICH WOULD
PROVIDE FOR "JOINT WORK IN NAVIGATION SYSTEMS,
OCEANOLOGICAL APPARATUS AND ELECTRONIC AS WELL AS CIVIL
AIRCRAFT BUILDING."

2. IN CONVERSATION ON FEB. 11, WARRINGTON (UNDER
SECRETARY, AIR DIVISION, DTI) TOLD US SOVIETS HAD
PROPOSED, AND LOCKHEED AND ROLLS ROYCE HAD AGREED TO
STUDY, POSSIBILITY OF MAMMOTH, THREE-PART PACKAGE
CONSISTING OF: (A) SOVIET PURCHASE OF THIRTY LONG-RANGE
VERSIONS OF ROLLS ROYCE POWERED L-1011TRISTAR AIRLINERS;
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(B) JOINT DESIGN AND CONSTRUCTION IN USSR OF NEW

AIRFRAME AND AEROENGINE MANUFACTURING COMPLEX; AND
(C) JOINT UNDERTAKING TO DESIGN AND BUILD A NEW, ADVANCED TECHNOLOGY AIRLINER.

3. WARRINGTON UNDERSTANDABLY VERY BEARISH ABOUT PROSPECTS OF ANY DEAL ON SCALE SUGGESTED BY SOVIETS COMING TO FRUITION. HE IS INCLINED TO BELIEVE SOVIETS PUT FORWARD PROPOSAL WITH KNOWLEDGE THAT LOCKHEED AND ROLLS SUFFICIENTLY ANXIOUS TO SELL L-1011'S, PARTICULARLY LONG-RANGE VERSIONS, THAT THEY WOULD BE UNLIKELY TURN DOWN ANY PROPOSAL THAT HELD OUT POSSIBILITY OF L-1011 SALES IN NEAR-TERM AND THAT SOVIETS COULD THEREFORE COUNT ON COMPANIES TO PROBE EXTENT TO WHICH THEIR GOVERNMENTS MIGHT BE WILLING COOPERATE WITH SOVIETS IN AEROSPACE FIELD.

4. WARRINGTON SAID UK BELIEVED THAT, IN FIRST INSTANCE AT LEAST, INITIATIVE ON PACKAGE DEAL IS WITH LOCKHEED TO EXPLORE POSSIBILITIES WITH USG ALTHOUGH HE INDICATED BRITISH WOULD HAVE TO TAKE A CLOSE LOOK AT ANY COOPERATIVE ARRANGEMENT BETWEEN ROLLS-ROYCE AND SOVIETS IF IT APPEARED ANY PART OF DEAL MIGHT BE REALIZED.

5. ON SAME THEME, BULLARD, HEAD OF SOVIET AND EASTERN EUROPEAN AFFAIRS DEPARTMENT, FCO, RAISED WITH US INFORMALLY GENERAL QUESTION OF LARGE SCALE COOPERATIVE PROGRAM WITH SOVIETS IN AEROSPACE FIELD SUCH AS ENVISIONED BY SOVIET PROPOSAL ANDWHICH, HE SAID, WAS ALREADY THE SUBJECT OF US WEST COAST PRESS SPECULATION ACCORDING TO UK CONSUL GENERAL IN LOS ANGELES. BULLARD, WHO IS OLD HAND ON SOVIET AFFAIRS IN FCO, ASKED WHETHER US REALLY CONSIDERED SUCH CLOSE COOPERATION IN CIVIL AVIATION FIELD TO BE IN LONG TERM OVERALL INTERESTS OF EITHER US OR //UK.

6. COMMENT. THIS IS FIRST WE HAVE HEARD OF LARGE SCALE PACKAGE DEAL SOVIETS MAY HAVE PROPOSED DURING LOCKHEED/ROLLS-ROYCE VISIT TO USSR. WE WOULD NOTE THAT ALTHOUGH WARRINGTON IS SENIOR CIVIL SERVANT RESPONSIBLE
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FOR UK AIRCRAFT INDUSTRY, HE IS RELATIVELY NEW ON JOB AND MAY NOT HAVE ALL HIS FACTS STRAIGHT CONCERNING SOVIET PROPOSITION. ALSO, BECAUSE OF GENERAL SENSITIVITY AS EXPRESSED BY BULLARD ON QUESTION OF US/UK COOPERATION WITH SOVIETS IN CIVIL AVIATION, WE WOULD APPRECIATE ADDITIONAL INFORMATION DEPARTMENT MAY HAVE CONCERNING LOCKHEED/SOVIET TALKS AND GENERAL GUIDANCE WITH REGARD TO USG ATTITUDE TOWARD POSSIBLE

LOCKHEED/ROLLS-ROYCE COLLABORATION WITH SOVIETS.

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